GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:318
ANSWERED ON:01.03.2007
SETTING UP OF REFINERY IN BARMER
Bhagora Shri Mahavir

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the present status of setting up of refinery in Barmer, Rajasthan ;

(b) whether the Government is facing obstacles in setting up of a refinery in Barmer district of Rajasthan ;

(c) if so, the details thereof ;

(d) the steps being taken by the Government to remove these obstacles;

(e) whether any target has been fixed by the Government for starting and completion of the work for the refinery; and

(f) is so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

(a) In consideration of the difficult characteristics of the Rajasthan Crude Oil, being very heavy and highly waxy in nature (with very high pour point) and the difficulty in transporting it to a distant Refinery location for further processing, it was envisaged that feasibility of setting up a well-head Refinery be explored by a JV of MRPL, ONGC and Cairn. MRPL was nominated to purchase the crude.

Based on a Preliminary Feasibility Study and Economic viability analysis of the project, it has been reported that :-

(i) To process the heavy & waxy Rajasthan Crude, a highly complex configuration of the Refinery shall be required.

(ii) A crude oil pipeline connecting the Oil field with the nearest sea Port shall be necessary :

(a) to provide evacuation of the Rajasthan crude in the early phase due to mismatch between the schedule of Crude oil production and commissioning of the Refinery.

(b) for bringing in imported Crude oil in the later phase to ensure optimal capacity utilization of the refinery commensurate to huge investment in the asset.

(iii) major part of the refined products will require long-distance transportation/ evacuation, largely to the demand centers, overseas, in view of low demand in the State of Rajasthan and refining self-sufficiency in the neighbouring states.

The cumulative impact of the above requirements call for huge investments, much higher than the investments required for the development of normal refineries which

(i) are based on lighter crude oils, sourced from various locations, without any short-life span supply constraints and

(ii) are located closer to the demand centers or have easy access to export markets.

(b) & (c) : ONGC has reported that the economic viability of the high investment requires fiscal incentives and other benefits from the Government of Rajasthan, much higher than the Refinery Projects in other parts of the country. ONGC have requested the State Government to consider the required fiscal incentives and support, for the viability of huge investments in the Well-head Refinery Project.

(d)to(f) :On receipt of a favourable consideration of the incentive package and other support from the Government of Rajasthan, ONGC would be able to draw the action plan for development of the Refinery.